

City of Cincinnati

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An Ordinance No. 502 - 2012

AMENDING Ordinance No. 119-2007 to adjust the eligibility requirements and maximum real property tax exemptions for newly constructed or remodeled commercial and residential properties in the City of Cincinnati Community Reinvestment Area, including properties that achieve Leadership in Energy and Environmental Design certification; and **REPEALING** Ordinance No. 182-2007, passed by City Council on March 28, 2007, and Ordinance No. 446-2007, passed by City Council on December 12, 2007.

WHEREAS, Ordinance No. 119-2007, passed by City Council on March 28, 2007, established a citywide Community Reinvestment Area ("CRA") for a 10-year period pursuant to Ohio Revised Code Sections 3735 through 3735.70; and

WHEREAS, Ordinance No. 182-2007 passed by City Council on May 16, 2007, amended Ordinance No. 119-2007 to provide for increased real property tax exemption levels for the assessed property value of newly constructed or rehabilitated commercial or residential properties if constructed to U.S. Green Building Council Leadership in Energy and Environmental Design ("LEED") standards; and

WHEREAS, LEED standards measure the environmental friendliness of building design according to four levels of LEED certification: "Certified," "Silver," "Gold," and "Platinum" (in increasing order of environmental achievement); and

WHEREAS, the U.S. Green Building Council certifies architects as qualified to design to LEED standards; and

WHEREAS, Ordinance No. 446-2007, passed by City Council on December 12, 2007, amended Ordinance No. 182-2007 to more clearly define the eligibility requirements and maximum CRA real property tax exemptions for LEED-certified building projects; and

WHEREAS, City Council desires to further amend the provisions of Ordinance No. 119-2007 to: (1) modify the maximum levels for CRA real property tax exemptions for new construction and remodeling of conventional non-LEED residential and commercial structures; and (2) modify the maximum levels for CRA real property tax exemptions for commercial and residential LEED structures, and thereby incentivize developers to seek higher certification ratings for commercial and residential projects; and

WHEREAS, for purposes of clarity, the Council wishes to repeal Ordinance No. 182-2007, passed by City Council on March 28, 2007, and Ordinance No. 446-2007, passed by City Council on December 12, 2007, while maintaining the modifications implemented by those two ordinances by henceforth amending the original CRA real property tax exemption ordinance, No. 119-2007 to include such provisions; and

WHEREAS, enactment of this ordinance will move the City closer to achieving its Green Cincinnati Plan goal to reduce greenhouse gas emissions while maintaining incentives for investment and growth in Cincinnati; now, therefore,

BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio:

Section 1. That Section 3 of Ordinance No. 119-2007, passed by City Council on March 28, 2007, as amended by Ordinances No. 182-2007 and No. 446-2007, is hereby amended to modify the eligibility requirements and maximum levels for Community Reinvestment Area ("CRA") real property tax exemptions for residential and commercial structures. The amendments to Section 3 of Ordinance 119-2007 affect CRA exemptions for conventional structures as well as Leadership in Energy and Environmental Design ("LEED") construction and remodeling. The amendments are as follows:

That, pursuant to Ohio Revised Code Section 3735.67, Council determines that the remodeling of existing structures and new construction within The City of Cincinnati Community Reinvestment Area constitute a public purpose for which exemption from real property taxation may be granted as follows, provided that only structures conforming to applicable zoning restrictions shall be eligible. For purposes of this Section, a residential apartment structure containing four or more dwelling units is deemed used for commercial purposes.

- (a) Remodel of 1, 2, or 3 dwelling-unit structures and residential condominium structures. Remodeling of structures containing one, two or three dwelling units and residential condominium structures located within ~~The—the~~ City of Cincinnati Community Reinvestment Area (the "Cincinnati CRA"), at a cost of at least \$2,500 (\$5,000 for a structure containing three dwelling units), is are eligible for real property tax exemption as follows:
 - (i) For conventional (non-LEED) remodel, for ten (10) years for 100 percent of any increase in the assessed value of the structure due to the remodeling up to a maximum exemption of \$275,000 per dwelling unit of market improved value at the time of original approval of the exemption. ~~The \$275,000 per dwelling-unit market improved value limit will increase by three percent compounded each January 1 during the time that The City of Cincinnati~~

~~Community Reinvestment Area remains in effect, with the first increase to be effective January 1, 2009.~~

- (ii) For a LEED-certified remodel, for ten (10) years for 100 percent of any increase in the assessed value of the structure due to the remodeling up to the following maximums:
 - (1) LEED Certified: \$275,000 of market improved value per dwelling unit.
 - (2) LEED Silver: \$400,000 of market improved value per dwelling unit.
 - (3) LEED Gold: \$562,000 of market improved value per dwelling unit.
 - (4) LEED Platinum: no maximum.
- (b) New construction of 1, 2, or 3 dwelling-unit structures and residential condominium structures. New construction of structures containing one, two or three dwelling units and residential condominium structures located within The City of the Cincinnati Community Reinvestment Area CRA is are eligible for real property tax exemption as follows:
 - (i) For conventional (non-LEED) new construction, for ten (10) years for 100 percent of the assessed value of the new construction up to a maximum exemption of \$275,000 per dwelling unit of market improved value of the structure at the time of original approval of the exemption. The \$275,000 per dwelling unit market improved value limit will increase by three percent compounded each January 1 during the time that The City of Cincinnati Community Reinvestment Area remains in effect, with the first increase to be effective January 1, 2009.
 - (ii) For LEED-certified new construction, for fifteen (15) years for 100 percent of the assessed value of the new construction per dwelling unit of market improved value at the time of original approval of the exemption up to the following maximums:
 - (1) LEED Certified: \$275,000 of market improved value per dwelling unit;
 - (2) LEED Silver: \$400,000 of market improved value per dwelling unit;
 - (3) LEED Gold: \$562,000 of market improved value per dwelling unit;
 - (4) LEED Platinum: no maximum.
- (c) Remodel of commercial or industrial structures, including residential apartment structures containing four or more units. Remodeling of structures of which any part is to be used for commercial or industrial purposes (including residential apartment structures containing four or more units); located within The City of the Cincinnati Community Reinvestment Area CRA, at a cost of at least \$100,00040,000, is eligible

for exemption for a period and for a percentage of any increase in the assessed value of the structure due to the remodeling, provided that:

- (i) The owner pays to the City the state-established application fee for an exemption agreement;
 - (ii) The owner and the City of Cincinnati enter into an exemption agreement in a form required by the City (following separate approval by ordinance of Council) prior to commencement of remodeling, as provided in Ohio Revised Code Section 3735.671, specifying the period of exemption (up to 12 years for both conventional and LEED structures) and the exemption percentage (up to 100%), subject to the limitations stated in Ohio Revised Code Section 3735.671(A);
 - (iii) If the exemption is for a residential apartment structure containing four or more dwelling units, the maximum exemption of \$275,000 per dwelling unit of market improved value at the time of original approval of the exemption and the maximum period of exemption is eight (8) years, except if the structure is certified as LEED Silver, Gold, or Platinum, in which case the maximum period of exemption is twelve (12) years. ~~The \$275,000 per dwelling unit market improved value limit will increase by three percent compounded each January 1 during the time that The City of Cincinnati Community Reinvestment Area remains in effect, with the first increase to be effective January 1, 2009;~~
 - (iv) Projects that are the subject of an Enterprise Zone Agreement are ineligible for a Community Reinvestment Area exemption agreement;
 - (v) The owner agrees to pay the City an annual fee equal to one percent of the annual tax exemption, but not less than ~~\$250~~500 or more than \$2,500; and
 - (vi) The owner has entered into an agreement with the Board of Education of City School District of the City of Cincinnati to pay the Board an amount equal to 25 percent of full amount of exempt real property taxes which would have been paid to Hamilton County if the Community Reinvestment Area exemption agreement were not in effect.
- (d) New construction of commercial or industrial structures, including residential apartment structures containing four or more units. New construction of structures of which any part is to be used for commercial or industrial purposes (including residential apartment structures containing four or more units) located within The City of the Cincinnati Community Reinvestment Area CRA is eligible for exemption for a period and for a percentage of the assessed value of the new structure, provided that:
- (i) The owner pays to the City the state-established application fee for an exemption agreement;

- (ii) The owner and the City of Cincinnati enter into an exemption agreement in a form required by the City (following separate approval by ordinance of Council) prior to commencement of construction, as provided in Ohio Revised Code Section 3735.671, specifying the period of exemption (up to 15 years for both conventional and LEED structures) and the exemption percentage (up to 100%), subject to the limitations stated in Ohio Revised Code Section 3735.671(A);
- (iii) If the exemption is for a structure containing four or more dwelling units, the maximum exemption of \$275,000 per dwelling unit of market improved value at the time of original approval of the exemption and the maximum period of exemption is eight (8) years. ~~The \$275,000 per dwelling unit market improved value limit will increase by three percent compounded each January 1 during the time that The City of Cincinnati Community Reinvestment Area remains in effect, with the first increase to be effective January 1, 2009;~~
- (iv) Projects that are the subject of an Enterprise Zone Agreement are ineligible for a Community Reinvestment Area exemption agreement;
- (v) The owner agrees to pay the City an annual fee equal to one percent of the annual tax exemption, but not less than ~~\$250~~500 or more than \$2,500; and
- (vi) The owner has entered into an agreement with the Board of Education of City School District of the City of Cincinnati to pay the Board an amount equal to 25 percent of full amount of exempt real property taxes which would have been paid to Hamilton County if the Community Reinvestment Area exemption agreement were not in effect.

(e) Additional provisions applicable to CRA LEED exemptions.

- (i) In order to be eligible for a CRA LEED exemption, a structure must be certified as achieving LEED standards (Certified, Silver, Gold, or Platinum) by the U.S. Green Building Council;
- (ii) Eligible LEED residential, commercial, or industrial properties may be granted real property tax exemptions of up to 100 percent in accordance with the provisions of this Section, and shall not be subject to gap financing analysis;
- (iii) Commercial structures achieving a LEED "Certified" rating (but not a Silver, Gold, or Platinum rating) shall be subject to the eligibility requirements, exemption periods, and maximum exemption levels applicable to conventional (non-LEED) structures under this Section.

(f) General Provisions. Provided, however, each Each exemption authorized under this Section is conditioned on:

- (ai) The remodeling or new construction being completed in compliance with applicable building code and zoning regulations after the effective date of the ordinance that originally established the Community Reinvestment Area or extended the Community Reinvestment Area to include the property being remodeled or constructed;
 - (bi) Proper application being made by the owner at any time during the period in which the exemption would otherwise apply to the property, providing that the exemption shall only be permitted for the time that remains for the exemption; and
 - (eiii) The remodeling of any structure of historical significance being certified as appropriate as provided in Ohio Revised Code Section 3735.67(B).
- (g) Exemptions may not be granted unless and until the director of the Ohio Department of Development confirms in writing the findings set forth in Section 1.

Section 2. Applicability.

- (a) Residential Projects. This ordinance shall not apply to new construction or remodeling of structures containing one, two, or three dwelling-units or residential condominiums for which the Department of Planning and Buildings receives a substantially complete application for plan approval on or before January 31, 2013. To be deemed "substantially complete," an application must include complete design drawings and specifications. The Director of Planning and Buildings or his designee shall determine in his or her sole discretion whether an application for plan approval is substantially complete as of January 31, 2013.
- (b) Commercial Projects. If City Council approves an application for a CRA tax exemption a commercial or industrial structure on or before January 31, 2013, then the exemption application shall be subject to the CRA eligibility requirements, duration, and maximum exemption levels applicable at the time of City Council approval.

Section 3. That property exemptions administered by the County Auditor pursuant to Ordinance No. 119-2007, as hereby amended, shall be assessed in accordance with this Section to the extent feasible. The maximum exemption level and the market improved value of the eligible structure or improvements shall be calculated at the time of the original approval of the exemption for improved property. The value of the exemption may vary annually with assessed property values. If the assessed value of the exempt improvements exceeds the maximum exemption level in any year, then the property owner shall receive the maximum exemption.

Section 4. That existing Section 3 of Ordinance No. 119-2007 is hereby repealed.

Section 5. That City Council repeals Ordinance No. 182-2007, passed by City Council on March 28, 2007, and Ordinance No. 446-2007, passed by City Council on December 12, 2007, in their entirety.

Section 6. That existing Sections 1 and 2 and Sections 4 – 14 of Ordinance No. 119-2007 shall remain in full force and effect.

Section 7. That the proper City officials are hereby authorized to do all things necessary to carry out the provisions of this ordinance.

Section 8. That the Clerk of Council is directed to send a certified copy of this ordinance to the County Auditor of Hamilton County as a matter of information.

Section 9. That the Clerk of Council is directed to publish this ordinance in the City Bulletin once a week for two consecutive weeks immediately following its adoption.

Section 10. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.

Passed: December 19, 2012

Attest:

Melissa Ar
Clerk

[Signature]
Mayor

I HEREBY CERTIFY THAT ORDINANCE No. 502-2012
WAS PUBLISHED IN THE CITY BULLETIN
IN ACCORDANCE WITH THE CHARTER ON 1-1-2013
Melissa Ar
CLERK OF COUNCIL